



STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
CARVEL STATE BUILDING  
820 N. FRENCH STREET  
WILMINGTON, DELAWARE 19801

DIVISION OF REVENUE

TECHNICAL INFORMATION MEMORANDUM 91-6

December 30, 1991

SUBJECT: Withholding of Personal Income Tax for Non-Residents.

CONTACTS: Barbara Bennett (302) 577-3746  
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The calculation of the Delaware personal income tax of non-residents was changed effective for tax year 1992. (Tax year 1992 final returns would typically be filed in 1993.)

In general, the calculation requires the non-resident to calculate his tax as if he were a resident and then to multiply that tax by a fraction the numerator of which is his Delaware source income (with Delaware modifications) and the denominator of which is his federal adjusted gross income (with Delaware modifications). The numerator is not adjusted for the Delaware pension exclusion as pension income is excluded by statute from the definition of a non-resident's Delaware source income.

For non-residents whose sole income is wages earned in Delaware, this change in the law will not affect the actual taxes paid to Delaware. On the other hand, for non-residents whose total incomes are high relative to their Delaware source income, the Delaware tax can increase to a proportionately larger extent, though the actual dollar value of the increase may not necessarily be large.

The change in the tax calculation for non-residents requires that, in order properly to estimate annual tax liabilities, non-residents review the Delaware W-4's submitted to their employers. Attached to this memorandum is a blank Form W-4NR, a new form intended to enable non-residents to estimate their annual Delaware liabilities and the amount that needs to be withheld each pay day to meet this estimate. Also attached is a sample completed W-4NR.

Taxpayers are reminded that penalties are assessed if withholding plus estimated taxes over the year are less than the smaller of: (1) 100% of the previous year's liability; or (2) 90% of the current year's liability. Taxpayers are cautioned to

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contact their employers to make changes in accordance with Form W-4NR in order to avoid these penalties.

This Memorandum is intended to serve as regulations governing its subject matter under the authority of 30 Del. C. § 354.

A handwritten signature in dark ink, appearing to read "Robert W. Chastant", with a stylized flourish at the end.

Robert W. Chastant  
Director of Revenue

**1992 STATE OF DELAWARE  
NON-RESIDENT WITHHOLDING  
COMPUTATION WORKSHEET**

(reverse side for Instructions.)

Form W-4NR

Last	First	MI
NAME	Doe	John
ADDRESS	816 Johnson Street	
CITY/STATE/ZIP	Marcus Hook, PA 12345	
SSN:	123-45-6789	

**PERSONAL EXEMPTIONS**

A.	Enter "1" for Yourself (2 if 60 years old or over) IF NO ONE ELSE CLAIMS YOU AS A DEPENDENT.	A.	2
B.	Enter "1" for your Spouse (2 if 60 years old or over) IF YOU CLAIM YOUR SPOUSE A DEPENDENT ON THE STATE TAX RETURN.	B.	
C.	Enter number of dependents other than your spouse you will claim.	C.	
D.	Add lines A through C and enter total here.	D.	2

**INCOME AND ADJUSTMENTS**

		Column A	Column B
		TOTAL	DELAWARE SOURCE
1.	Wages	22,750	20,250
2.	Non-wage Income (Net of Losses - See Instructions)	1,500	500
3.	Total Income (Add lines 1 & 2.)	24,250	20,750
4.	a. Federal Adjustments to Income (See Instructions)	2,000	0
	b. Delaware Adjustments to Income (See Instructions)	1,000	500
	c. Total Adjustments to Income (Add Lines 4a and 4b.)	3,000	500
5.	Adjusted Gross Income (Line 3 minus Line 4c)	21,250	20,250
6.	PRORATION PERCENTAGE (Line 5: Col. B + Col. A)	95%	

**EXEMPTIONS AND DEDUCTIONS**

7.	Exemptions (\$1,250 x Amount on Line D.)	7.	2,500
8.	Deductions (Higher of Standard or Itemized - See Instructions)	8.	6,750
	a. Standard		
	OR		
	b. Itemized		
9.	Total Deductions (Add Lines 7 & 8)	9.	9,250
10.	Estimated Taxable Income (Subtract Line 9 from Line 5, Column A.)	10.	12,000
11.	Tax Liability (All Income - See Example Below)	11.	\$466.00
12.	Proration Percentage (From Line 6.)	12.	95%
13.	Estimated Tax Liability (Del Source Only = Lines 11 x 12)	13.	\$442.70
14.	Number of Pay Periods (See Instructions or From Employer)	14.	26
15.	Withholding per Pay Period (Lines 13 + 14)	15.	\$17.03

Under penalties of perjury, I certify that I am entitled to the amount of withholding per pay period claimed on this worksheet.

Employee's Signature -> John X Doe	Date December 16, 1992
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1992 Tax Table		On
Taxable Income	Pay	Amounts
Between		Over
0 - 2,000	0	0.0%
2,000 - 5,000	0	3.2%
5,000 - 10,000	96	5.0%
10,000 - 20,000	346	6.0%
20,000 - 25,000	946	6.6%
25,000 - 30,000	1,276	7.0%
30,000 - 40,000	1,626	7.6%
40,000 +	2,386	7.7%

**EXAMPLE OF TAX LIABILITY CALCULATION:**

If your estimated Taxable Income (Line 10) is \$12,000

$$\begin{aligned}
 \text{PAY: } & \$346 + ((12,000 - 10,000) \times 0.06) \\
 & = \$346 + (2,000 \times 0.06) \\
 & = \$346 + 120 \\
 & = \$466
 \end{aligned}$$

An Example of Form W-4NR  
Using a  
Hypothetical Taxpayer

**Line A.** John Doe is 62 years old and divorced.

**Line 1.** A resident of Marcus Hook, PA, John is employed by Norman's Taxidermy in Wilmington, Delaware. He also works part-time at Blaine's Cafe in Marcus Hook. Mr. Doe's wage income is divided between his two jobs in the following manner:

Norman's Taxidermy	\$20,250
Blaine's Cafe	2,500

**Line 2.** John expects to receive \$1,500 in non-wage income. Of that amount, he expects that \$500 will come in the form of a capital gain on the sale of real estate John owns in Delaware.

**Line 4a.** John estimates that he will pay his ex-wife \$2,000 in alimony.

**Line 4b.** John receives a small pension of \$500 from a previous employer and estimates that he will have federally taxable Social Security in the amount of \$500.

**Line 6.** John's proration percentage is calculated by dividing Line 5, Column B by Line 5, Column A. ( $20,250/21,250 = 0.9529$ ; rounded to 0.95 or 95%)

**Line 8.** John elects to itemize his deductions. He estimates the amount to be \$6,750.

**Line 11.** John calculates his estimated tax liability as if he were a Delaware resident.

**Line 13.** Using his proration percentage, John calculates his actual estimated tax liability.

**Line 15.** John determines the proper amount to be withheld from each paycheck he receives from his Delaware employer.

# 1992 STATE OF DELAWARE NON-RESIDENT WITHHOLDING COMPUTATION WORKSHEET

Form W-4NR

(See reverse side for Instructions.)

## PERSONAL EXEMPTIONS

A.	Enter "1" for Yourself (2 If 60 years old or over) IF NO ONE ELSE CLAIMS YOU AS A DEPENDENT.	
B.	Enter "1" for your Spouse (2 If 60 years old or over) IF YOU CLAIM YOUR SPOUSE AS A DEPENDENT ON THE STATE TAX RETURN.	
C.	Enter number of dependents other than your spouse you will claim.	
D.	Add lines A through C and enter total here.	

			Column A	Column B
INCOME AND ADJUSTMENTS			TOTAL	DELAWARE SOURCE
1.	Wages	1.		
2.	Non-wage Income (Net of Losses - See Instructions)	2.		
3.	Total Income (Add lines 1 & 2.)	3.		
4.	a. Federal Adjustments to Income (See Instructions)	4 a.		
	b. Delaware Adjustments to Income (See Instructions)	b.		
	c. Total Adjustments to Income (Add Lines 4a and 4b.)	c.		
5.	Adjusted Gross Income (Line 3 minus Line 4c)	5.		
6.	PRORATION PERCENTAGE (Line 5: Col. B ÷ Col. A)	6.		

## EXEMPTIONS AND DEDUCTIONS

7.	Exemptions (\$1,250 x Amount on Line D.)	
8.	Deductions (Higher of Standard or Itemized - See Instructions)	
	a. Standard	
	OR	
	b. Itemized	
9.	Total Deductions (Add Lines 7 & 8)	
10.	Estimated Taxable Income (Subtract Line 9 from Line 5, Column A.)	
11.	Tax Liability (All Income - See Example Below)	
12.	Proration Percentage (From Line 6.)	
13.	Estimated Tax Liability (Del Source Only = Lines 11 x 12)	
14.	Number of Pay Periods (See Instructions or From Employer)	
15.	Withholding per Pay Period (Lines 13 ÷ 14)	

1992 Tax Table			On
Taxable Income	Pay	Plus	Amounts
Between			Over
0 - 2,000	0	0.0%	0
2,000 - 5,000	0	3.2%	2,000
5,000 - 10,000	96	5.0%	5,000
10,000 - 20,000	346	6.0%	10,000
20,000 - 25,000	946	6.6%	20,000
25,000 - 30,000	1,276	7.0%	25,000
30,000 - 40,000	1,626	7.6%	30,000
40,000 +	2,386	7.7%	40,000

## EXAMPLE OF TAX LIABILITY CALCULATION:

If your estimated Taxable Income (Line 10) is \$12,000

$$\begin{aligned}
 \text{PAY: } & \$346 + ((12,000 - 10,000) \times 0.06) \\
 & = \$346 + (2,000 \times 0.06) \\
 & = \$346 + 120 \\
 & = \$466
 \end{aligned}$$

NOTE: Photocopies of this form are acceptable.

## INSTRUCTIONS

**PERSONAL EXEMPTIONS:** On Lines A, B, and C enter "1" for yourself, your spouse, and your dependents. On Line D enter the total of Lines A through C. You and your spouse are each entitled to an extra personal exemption if age 60 or over. The total number of personal exemptions on this form may not necessarily equal the number entered on your federal W-4 form. The effects of itemized deductions and adjustments to income on your withholding are not reconciled by increasing your number of exemptions as is done on the federal W-4 form. These adjustments are made below in the "Income and Adjustments" and "Exemptions and Deductions" sections of this form.

### INCOME AND ADJUSTMENTS:

**LINE 1. ESTIMATED WAGES:** Enter an estimate of your total annual wage income in Column A, and your Delaware source wage income in Column B.

**LINE 2. ESTIMATED NON-WAGE INCOME:** Enter an estimate of your total annual non-wage income in Column A, and your Delaware source non-wage income in Column B. Non-wage income includes the following: business income, winnings from parimutuel wagering, income derived from the ownership or disposition of real or tangible personal property, annuities, dividends, interest, and gains on the disposition of intangible personal property. All pension income should be included under total non-wage income on Line 2, Column A. **NO PENSION INCOME SHOULD BE INCLUDED UNDER DELAWARE SOURCE NON-WAGE INCOME (Line 2, Column B).** Annuities, interest, dividends, and gains from the disposition of intangible personal property should be included on Line 2, Column B only to the extent that such income is derived from property employed in a business, trade, commerce, profession or vocation carried on in Delaware. Capital and operating losses should be taken into account when estimating non-wage income. If you are unsure about the amount of your non-wage income estimate, for the purposes of completing this form, you may wish to consult your prior year federal form 1040 to help form an approximation.

**LINE 3. TOTAL INCOME:** Add Lines 1 and 2 to arrive at an estimate for your total income.

**LINE 4a. FEDERAL ADJUSTMENTS TO INCOME:** Enter an estimate of your 1992 FEDERAL adjustments to income. These include alimony paid, IRA contributions, and payments to a Keogh. As a general rule, the situs of federal adjustments to income tends to be the taxpayer's state of residence. As such, in most cases, the optimum withholding for Delaware purposes will be achieved by entering all federal adjustments on Line 4a, Column A, and entering a zero on Line 4a, Column B.

**LINE 4b. DELAWARE ADJUSTMENTS TO INCOME:** Enter an estimate of your 1992 DELAWARE adjustments to income. These adjustments include an exclusion for certain persons age 60 and over or disabled, the deduction of federally taxable Social Security, and deductions acquired through the State Travelink program. An estimate for your Delaware pension exclusion should be included in the amount entered on Line 4b, Column A. **DO NOT INCLUDE AN ESTIMATE OF YOUR DELAWARE PENSION EXCLUSION IN THE AMOUNT YOU ENTER ON LINE 4b, COLUMN B.**

**LINE 4c. TOTAL ADJUSTMENTS TO INCOME:** Add Lines 4a and 4b.

**LINE 5. ADJUSTED GROSS INCOME (AGI):** Subtract the amounts on Line 4c from the amounts on Line 3.

**LINE 6. PRORATION PERCENTAGE:** Divide amount on Line 5, Column B (Delaware Source AGI) by amount on Line 5, Column A (Total AGI). Carry the result to nearest full percentage point. For example, if Delaware Source AGI is \$11,500 and Total AGI is \$20,000, the proration percentage would be set at 58% ( $11,500/20,000 = 0.575$ ; rounded to 0.58 or 58%).

### EXEMPTIONS AND DEDUCTIONS:

**LINE 7. EXEMPTIONS:** Multiply the amount on Line D by \$1,250 and enter on Line 7.

**LINE 8. DEDUCTIONS:** Please enter the higher of the available standard deductions or itemized deductions.

Standard Deduction: Filing Status 1 (Single) \$1,300; Filing Status 2 (Joint) \$1,600; Filing Status 3 (Married Filing Separate Forms) \$800. Taxpayers age 65 and over (and or/blind) are entitled to an extra standard deduction in the amount of \$1,000. Persons electing to itemize their deductions **DO NOT** qualify for an extra standard deduction.

Itemized Deductions: Enter an estimate of your 1992 itemized deductions, i.e., home mortgage interest, real estate and other taxes (excluding State of Delaware income tax paid), charitable contributions, medical expenses in excess of 7.5% of AGI, and miscellaneous deductions (most miscellaneous deductions are now deductible only in excess of 2% of your income.) If computing this section under the married filing separate status, the following rule applies: include ONLY the amount of itemized deductions that pertain to YOUR return.

**LINE 9. TOTAL DEDUCTIONS:** Add Lines 7 and 8 and enter on Line 9.

**LINE 10. ESTIMATED TAXABLE INCOME:** Subtract Line 9 from Line 5, Column A and enter the result on Line 10.

### WITHHOLDING CALCULATION:

**LINE 11. TAX LIABILITY:** Calculate tax liability based on amount found on Line 10 and enter the result on Line 11. See 1992 tax table and example of the tax liability calculation on the face of this form.

**LINE 12. PRORATION PERCENTAGE:** Enter the proration percentage calculated on Line 6.

**LINE 13. ESTIMATED DELAWARE SOURCE LIABILITY:** Multiply amount on Line 11 by proration percentage on Line 12.

**LINE 14. NUMBER OF PAY PERIODS:** Enter the number of pay periods per year for your Delaware source wage income.

If you are paid each week, enter 52  
If you are paid every other week, enter 26  
If you are paid twice each month, enter 24  
If you are paid once each month, enter 12

**LINE 15. WITHHOLDING PER PAY PERIOD:** Divide amount on Line 13 by number of pay periods on Line 14. This is the amount which will be withheld from your paycheck for the State of Delaware's Personal Income Tax.

**PLEASE NOTE:** You will be in violation of the estimated tax laws if, when filing your 1992 tax return, you have not paid to the Division of Revenue: (1) 90% of your 1992 tax liability; or (2) 100% of your 1991 tax liability. For underpayment of estimated tax, a penalty of 1.5% per month, or fraction of a month, is imposed on the amount of the underpayment, for the period the underpayment existed.